

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF MINERVA, LP	)	APPEAL NO. 06-A-2095
from the decision of the Board of Equalization for Ada	)	FINAL DECISION AND
County for tax year 2006.	)	ORDER

**VACANT LAND APPEAL**

THIS MATTER came on for hearing October 17, 2006, in Boise, Idaho, before Hearing Officer Sandra Tatom. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant gave prior notice he would not be present for hearing. Advance written materials were submitted in lieu of personal appearance. Chief Deputy Assessor Tim Tallman and Appraiser Ken Stover appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. R1077520070.

**The issue on appeal is the market value of a residential lot.**

**The decision of the Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$47,300. Appellant requests the land value be reduced to \$39,500.

The subject property is a .276 acre lot located north of Hill Road on Collister Drive. The lot is one of three in subject's subdivision that have not been built on. Most lots were reportedly developed with residences around 1980. The lot is in the canyon stretch at the North end of Collister and has moderate to steep slopes.

Appellant describes the subject lot as a "problem lot" attributing its lack of development to steepness-related issues. The lot was purchased on the open market in an arm's-length transaction during September of 2004. The purchase price was \$35,000.

Another nearby steep lot, which Appellant described as “very similar”, was listed at the same time for \$40,000. Information associated with this listing is offered in support of Appellant’s estimate that subject would require \$20,000 (50% more than bare land price) for grading, excavation, engineering and other costs to make the lot buildable. An effective size argument is also raised whereby subject’s relative utility could be considered. These arguments pertain, at least in part, to making comparisons between the subject lot and two comparable sales considered by the Assessor. Concerning any appealed assessment, Appellant contends comparable sales should be considered, and not the original information developed and used for mass appraisal purposes.

Taxpayers value claim of \$39,500 was arrived at by trending (appreciating) the last purchase price by about 10% per year since purchase.

On appeal, the County presents two nearby vacant land sales in support of subject’s assessed value. Sale No. 1 occurred in September 2004 for \$90,000 or \$5.74 per square foot. The lot had .36 acres with sloping topography and was developed with a residence following the sale. Sale No. 2 occurred in June 2005 for \$150,000 or \$6.38 per square foot. The lot was .54 acres and had sloping topography. Subject’s .28 acres is assessed at \$3.93 per square foot. The Assessor considered the two sales to be good (applicable) sales toward estimating subject’s market value; some characteristics were believed to be superior and others inferior in comparison to subject. Appellant considered the two comparison properties to be “vastly superior” particularly the relative lot steepness and utility.

The 2006 assessment was arrived at by trending the 2005 value by about 35%. The 2005 tax value was \$35,000, the same as the September 2004 purchase price. The County looked specifically to repeat sales of bare land and a large, unspecified number of lot sales to determine

a land trend in subject's subdivision. A hearing exhibit presented information on 10 lots that sold twice (paired sales analysis to isolate a time adjustment) between mid-2004 and mid-2006. The average percent of price increase was near 8% per month or about 93% per year. The two lowest rates of change indicated an annualized price appreciation of 36% and 51%. Also considered was a ratio study in subject's subdivision with five improved sales which indicated an average assessment to sales ratio of 95.9%.

The Assessor reported most residences in subject's subdivision were built into the hillside on the first level and subject's development issues were considered typical of the area. That is to say, the subject lot was assessed on the same basis as the other subdivision lots, both improved and unimproved. Appellant contended appraisal theory does not support assigning all land development/preparation costs to the improvements.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Appellant raised a good point, that challenged assessments should focus on comparable sales. Such consideration is perhaps even more helpful in land value questions. Taxpayer posed several questions or problems with the comparable sales chosen by the Assessor but presented no alternatives. The Assessor agreed with the position that the comparables were far superior to subject as evidenced by subject's 47,300 assessment in comparison to the much higher sale prices (\$90,000 and \$150,000.) Appellant's position, basically held the two selling properties were not capable of comparison, negating any reference to the sales comparison

approach to value.

The subject property did sell a little over one year prior to the current assessment and appraisal date (January 1, 2006.) Idaho Code § 63-205(1). This sale was in September 2004 for \$35,000. There have been no changes to the property since the sale. This sale information was the market evidence most significantly relied on by the taxpayer and its representative.

Though not stated in the Findings of Fact, Appellant's representative had considerable appraisal and assessment experience. In considering Appellant's appraisal -- sale price plus roughly 10% to reflect the older sale date -- we can find no market information to support the important time adjustment. If the sale was truly recent, the significance of time adjusting older market information would not be as important. Given however, the recent and significant changes in the local marketplace a sale date of more than one year old requires a supportable time adjustment to be relevant. The County did not attempt to time adjust its two older comparable sales. Even so the two unadjusted sale prices exceeded subject's assessed value by a wide margin.

As evidenced by Respondent's repeat sales, the local market and particularly land prices have seen some significant price increases. Without exception all the evidence pointed to rapidly appreciating land values. Appellant contended some of the repeat sales were not comparable to subject. Respondent apparently believed this as well, adjusting the 2005 subject assessment less than was indicated for the total data set and even less than the lowest indicators. It is supported that a significant amount of price appreciation occurred from late 2004 through the end of 2005. It is not supported that 10% was an appropriate inflation index.

Regarding Appellant's other claims, the Board found it was not detailed or well supported how subject might deviate from other lots in the same subdivision. Nor was it persuasively

demonstrated why the Assessor's analysis of the available sales information is in error. It was implied the subject lot was substantially steeper than other referenced properties and that inferior condition was not properly reflected in the assessment. We are not persuaded. A time-adjusted consideration of the subject sale price, which reflects the lot's actual steepness and development issues, supports the assessment.

In consideration of the evidence presented the Board concludes subject has been reasonably assessed. No allegation of error has been supported by a preponderance of the evidence. Idaho Code § 63-511(4). For the reasons expressed, the Board will affirm the value decision of the Ada County Board of Equalization.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED this 15<sup>th</sup> day of March , 2007.